

Arafat came to the White House ceremony; he was once considered a terrorist. Gerry Adams has been granted numerous visas over British objections.

In each case, the administration made direct choices to allow a visit to advance America's goals. Li's visit would do the same thing. United States-ROC Economic Counsel Conference will hold a meeting in Anchorage, AK. Visiting there would not be a political statement. We are almost another country, in the sense that we are a little out there in the western northern part of the hemisphere, if you will.

What they are asking for here is for Li to visit his alma mater, Cornell University in New York. They would like him to come up in the spring and give an address to the students and faculty. I call on the administration to allow these events.

I remind my colleagues, as we address the friction between Taiwan and China, that there are two organizations—one, the mainland People's Republic of China, and one in Taiwan. They meet regularly and discuss hijackings and commercial and trade activities—everything but politics. Chinese business men and women are probably the best in the world. They recognize that it is necessary that they maintain a dialog, and now we are seeing the opening up of some of the southern ports of China with direct shipment of goods originating in Taiwan. They will not have to go through Hong Kong anymore. So as we look at a stagnant relationship with Taiwan, clearly there is a dialog developing between Taiwan and the People's Republic of China. It is time that we allowed President Li to visit this country.

Mr. President, that concludes my remarks. I see my friend from Illinois on the floor seeking recognition. I had the pleasure of accompanying him on a recent trip to North Korea and to China, as well. I am sure he has some observations.

I yield the floor.

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

#### TAIWAN

Mr. SIMON. Mr. President, let me speak briefly on both the Taiwan situation and the North Korean situation.

I am pleased to cosponsor the concurrent resolution of Senator MURKOWSKI. I commend him for his leadership on this.

We ought to maintain a good relationship, if possible, with the People's Republic of China, but they should not be permitted to veto our standing up for human rights.

Senator MURKOWSKI mentioned that when President Lee landed in Hawaii at a military base on his way to Costa Rica, he was not permitted to stay overnight. The base commander was not permitted to come out and greet him.

Is this the President of a dictatorship? We treat dictators better than we

treat the freely elected President of Taiwan. Taiwan is doing everything that we say a country should do—free press, a multiparty system, holding elections—and yet we treat them as a pariah. We treat them as they used to treat people with leprosy.

It is very interesting what happened in Germany. There were two Germanys, and we recognized both Governments. Neither Government was particularly happy that we did it, but it did not prevent the two Germanys from coming together. And that should be our attitude toward Taiwan.

I realize that right now formal recognition is not going to be in the cards for Taiwan. But, at the very least, we ought to say to the President of Taiwan, President Lee, who wants to come over to go to his school reunion at Cornell, who was not permitted to do that last time, that he should be able to come to his school reunion at Cornell.

There is also a meeting on United States-Republic of China economic relations. He would like to combine the two. Why should he not be permitted to come and attend those?

As one Senator, I think our conduct toward Taiwan has, frankly, been an embarrassment. If the People's Republic of China squeals some because we show some deference to the leadership of Taiwan, I think we just have to understand that is going to be part of the process.

#### NORTH KOREA

Mr. SIMON. Mr. President, let me comment also on the North Korean situation.

When Senator MURKOWSKI and I were in North Korea in December, we landed with the first official American plane to land in North Korea since the Korean war. It is important that both the United States and North Korea live up to our agreements.

The situation in Korea is the most volatile anywhere in the world where there are American troops. We have 36,000 to 37,000 American troops just south of the border in Korea. You have about 1 million troops in total facing each other with no communication. Even in the situation with Pakistan and India, there is communication between the two Governments. There is no communication between North Korea and South Korea.

North Korea is unlike any other government on the face of the Earth right now. It is a very tightly controlled dictatorship. The radio stations only have one station. The television stations only have one station. It is like Albania must have been back in the old days of communism.

I think it is important that the United States assist—while making clear to South Korea that we are going to be loyal to our friends there—in communication between the two countries.

Thanks to President Carter, a meeting had been set up between the Presi-

dent of South Korea and Kim Il-song, the leader of North Korea. Then he died fairly suddenly back in July of last year, and that did not happen.

Senator MURKOWSKI and I are working on the possibility of getting some North Korean and South Korean Parliamentarians together, some kind of minimal contact, so that there is some understanding between the two sides, so that what happens on the other side in both cases is not viewed with paranoia.

I would add, I think it is extremely important that North Korea permit South Korea to build the nuclear plants that we talked about. That was the understanding in the agreement that we had with North Korea and they should not back down on that agreement.

I hope we can be of some assistance to North Korea, which feels very isolated now. It is isolated. It has to make this transition from an old-fashioned, extremely monolithic communism to at least a more moderate communism, if their such a phrase, as in China and Vietnam. But I think we can play a constructive role there, and I hope we will.

#### TAX CUTS

Mr. SIMON. Mr. President, I see my colleague from Wisconsin about to take the floor. I see he has a cartoon about tax cuts. If he is going to speak about tax cuts, I want him to know I agree with him 100 percent. If there is anything irrational—and he will disagree with my next statement—if there is any illustration that shows why we need a balanced budget amendment, we would not be considering tax cuts right now in both political parties. If we had a balanced budget amendment, we would be focusing on balancing the budget.

But I agree 100 percent with my colleague that this is not the time to be moving in the direction of tax cuts.

Mr. President, I yield the floor.

Mr. FEINGOLD addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Under the previous order, the Senator is recognized to speak for up to 15 minutes.

Mr. FEINGOLD. I thank the Chair.

#### TAX CUT FRENZY

Mr. FEINGOLD. Mr. President, I certainly thank the senior Senator from Illinois for noticing the cartoon and for being one of the first people in this body to come to me and say that we do need to prevent this tax cut frenzy if we are going to be serious about balancing the Federal budget.

I think, Mr. President, now is the time to put the tax cut proposals out of their misery. Let us do it early on so the American people know that there is something real to all this rhetoric in

Washington about balancing the Federal budget.

It seems to me, ever since the tax cut frenzy started with the November 8 election, that I have had a hard time finding anyone who is really for it other than a few folks here in Washington.

I have chosen this cartoon from December at Christmastime to illustrate how early the people of America were ahead of the politicians on this issue. It is a very simple cartoon. It shows a couple of parents holding a nice present, "The tax cuts." But their baby holds "The bill." The parents are enjoying this nice present, but passing its cost along to the next generation.

So even before the 104th Congress convened, I feel that the American people were way ahead on this and felt that this just did not make sense and that it did not add up.

I sort of felt as if maybe this issue would die pretty quickly, but I was wrong. In a way, this frenzy for a tax cut, which nobody supports, is the inevitable result of the November 8 election.

In the Milwaukee Sentinel just yesterday, there was an editorial entitled "Tax Cut Plans—Questions About Both Party Plans."

Mr. President, I ask unanimous consent that this editorial from the Milwaukee Sentinel be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Milwaukee Sentinel, Mar. 13, 1995]

#### TAX CUTS PLANS—QUESTIONS ABOUT BOTH PARTY PLANS

Bill Archer, the new Republican chairman of the House Ways and Means Committee, strode to the microphone in a basement hearing room after being introduced by a young couple from Virginia holding their year-old daughter.

It was just the common touch the Texas congressman was seeking to announce the committee's plan to cut taxes by nearly \$200 billion over the next five years, or about \$140 billion more than President Clinton has proposed in his plan.

Trouble is, both plans butt up against growing popular discontent over the federal deficit, which still will grow by \$1 trillion over five years under Clinton's irresponsible budget plan. There also is no indication that Republicans have discovered the magic bullet that will slay the deficit dragon.

The reality is that hardly anyone accepts the current political nostrum that Congress and/or Clinton can cure what ails the nation by advocating spending and tax cuts, all at the same time.

That even includes prominent Republicans such as Bob Packwood, of Oregon, chairman of the Senate Finance Committee, and Pete V. Domenici, of New Mexico, who heads the Budget Committee.

Both have voiced opposition to tax cuts while government continues to spend more than it takes in. The simple truth is that House Republicans have not yet indicated how they would pay for tax cuts in the \$200 billion range and still balance the budget.

Still, the Republican plan has some attractive features.

A capital gains tax cut, harangued by Democrats as a payoff to the rich, would

benefit millions of middle-class investors and, at least in the short term, increase federal revenue as stockholders liquidate some of their holdings. That could help lead to the creation of revenue-producing jobs.

Similarly, the suggestion that people could withdraw money, free of penalty, from their individual retirement accounts for buying a home or other purposes is another economy booster. For local government, that's a future source of property-tax revenue.

What's confounding about it all is that while Democrats such as Rep. Sam M. Gibbons, of Florida, ranking Democrat on Ways and Means, say it's "the wrong time and the wrong tax cut," you can bet that if it were Clinton and not Archer making a tax cut proposal, Democrats would rush to his banner.

The public, however, is far out in front on this issue and can see through both parties' strategies.

Mr. FEINGOLD. Mr. President, I just want to briefly suggest that this editorial points out that there is still a problem with both parties going after this tax cut idea.

The article says:

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It was just the common touch the Texas Congressman was seeking to announce the committee's plan to cut taxes by nearly \$200 billion over the next 5 years, or about \$140 billion more than President Clinton has proposed in his plan.

The trouble is [the Milwaukee Sentinel says] both plans [both Republican and Democratic plan] butt up against growing popular discontent over the Federal deficit, which still will grow by \$1 trillion over 5 years under Clinton's irresponsible budget plan. There also is no indication that Republicans have discovered the magic bullet that will slay the deficit dragon.

The editorial goes on to say, "The reality is that hardly anyone accepts the current political nostrum that Congress and/or Clinton can cure what ails the Nation by advocating spending and tax cuts all at the same time."

So, Mr. President, what the public knew in December has apparently not completely reached the Halls of Congress. Day after day I see evidence, whether at a Wisconsin town meeting, or reading the major national newspapers, that in general the American people and the opinion makers outside of Washington do not want to do this, and thinks it is a foolish way to handle our budgetary problems.

This last night I had a chance to see a few minutes of a C-SPAN program on which two of our colleagues were appearing in front of the National League of Cities, and what they pointed out was that they had different views exactly on what should happen in the Federal budget.

I was intrigued by the different responses on what they said about the tax cut issue. The junior Senator from New Hampshire, Senator GREGG, indicated to the audience he was interested in a \$500 billion deficit reduction package, to be passed by the 104th Congress.

I was struck by that figure, because that is exactly what we have already

accomplished in the 103d Congress under President Clinton and the Democratic leadership. I am glad to hear that kind of figure is being thrown around. What the Senator from New Hampshire then said was perhaps as a part of the \$500 billion—he would not go with the overall Republican contract idea of a \$200 billion tax cut, I believe I am correctly characterizing his statement that that was too much—but he said, "Maybe we would look at the President's \$63 billion level, and perhaps have that included in the \$500 billion."

That got applause. People seemed to feel that was more sensible than a \$200 billion tax cut. But then the Senator from Nebraska, the junior Senator from Nebraska, Senator KERREY, took the microphone and said to Senator GREGG, "Now, how much will it take to balance the budget by the year 2002? What is the total figure?" And the indication was that it was well over \$1 trillion.

So Senator KERREY indicated that even if we do the \$500 billion, we are less than half the way there. Senator KERREY said to this audience of people involved in city government that he was against tax cuts in any form.

I would think people would maybe nod or maybe even disagree. Instead it got a rousing applause. Everyone in the audience gave him a similar strong applause in saying he would fight any of the tax cuts, because they are not consistent with the notion of dealing with the deficit and caring about our children and our grandchildren.

So the common sense is out there. The common sense view that frankly helped fuel the debate on the balanced budget amendment and had a lot to do with that month-long debate. That common sense is out there.

If this institution is willing to listen, the first thing we will do is say we cannot afford either the Clinton tax cut or the Republican contract tax cut. Of course, I believe the American public would like to have a tax cut if they possibly could. But what they are saying clearly is, we cannot afford it until we get our house in order.

Mr. President, it is not easy to slay the tax cut dragon. I have noticed the allure of a tax cut to politicians, just as the allure of the balanced budget amendment has been very strong. I would have to say, compared to the first time I had a chance to oppose this in December, things look a lot better, especially here in the Senate.

Between November 8 and now I have gone from being the lone voice, according to the Los Angeles Times, against this to being one of many people who are criticizing the tax cut. In fact, I would call it now sort of a healthy competition between a lot of the leading Senators who are saying that they will oppose this.

I even think there is a good strong competition going on to see who can be

the toughest on opposing the tax cuts. I think that is very healthy. We do not get anything done around here by being 1 out of 535. I am extremely happy that so many of the leading Senators, especially on the Finance Committee, have openly stated their opposition to either all or part of the tax cuts.

Mr. President, as Senators recall, we did have our test vote on this issue during the balanced budget amendment. The proposition, that we ought to put the tax cut below deficit reduction, got 32 votes, including some of the leading Republicans in the Senate. That was amazing, because it was 32 Senators saying up front they are not for a tax cut.

A couple months ago, people would have said nobody would take that position. It was also very striking because a number of Senators told me they wanted to vote for the amendment, but they were not going to support any amendments to the balanced budget amendment. My guess is we are a lot closer to 50 or even higher than anyone would have imagined at this point.

For example, Mr. President, if we take a look at the reaction, we see in the Washington Post even today an editorial called "Greasing the Tax Cut Rules," and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

#### GREASING THE TAX CUT RULES

The President and Congressional Republicans keep saying that to get control of the deficit they have to cut the cost of entitlements. They're right, but even as they've been making the speeches again this year, they're also preparing to change the budget rules to let entitlements partly off the hook.

The president and Republicans both want to cut taxes. It's a terrible competition for them to be engaged in; the government is in no position to give up the revenue. As a way of driving home the cost of tax cuts and creating a political barrier to their enactment, the budget rules used to provide that they be paid for either by offsetting tax increases or by entitlement cuts.

The administration relished neither alternative, and in its budget suggested a third. It proposed a change—it would say careful re-reading—of the rules under which tax cuts could also be paid for by cuts in non-entitlement spending or appropriations. The House Republicans, far from objecting, have adopted the idea with enthusiasm. It sounds as if only accountants should care. If the dollars all come from the same Treasury, as they do, what difference does it make which category of programs is trimmed to produce them? A dollar saved one way is surely as good as another.

That's true, and an evasion at the same time. The easing of pressure on the entitlement side of the budget, where cuts are hardest to make because so many people are affected, represented a weakening of budget discipline. The tax cuts the House Republicans propose would cost about \$200 billion their first five years and \$500 billion the five after that. The Republicans would have found it hard to extract that much from entitlements without getting into the giant programs for the middle class, Social Security and Medicare. As it is, they'll propose to

pay half the first-year cost by lowering—again—the caps that the budget rules also impose on appropriations.

The pressure will fall on domestic appropriations only, not defense. Most of the programs the government runs fall into this category—everything from Head Start and highway grants to the costs of operating the national parks and administering the Immigration and Naturalization Service—but together they make up only about a sixth of the budget and as a group have already been much cut in recent years. It's relatively easy, of course, to lower appropriations caps. They're an abstraction. The effect will be felt only later and be spread across enough programs so as to leave few clear political fingerprints. The Republicans say not to worry, that sooner or later they're going to have to cut the major entitlements too in order to balance the budget, as they've also promised. But the old rules would have forced the tax and entitlement cuts to be made at the same time. The new ones make it easier to blur the cost of an irresponsible policy.

Mr. FEINGOLD. Mr. President, the point of that editorial is that although there is this opposition growing in the Senate, there is an effort going on to change the budget rules in such a way that would allow these tax cuts in a way that would immunize, in effect, both entitlements and the defense budget, causing any cuts that might be made to pay for the tax cuts to come, essentially, out of the appropriations areas, out of discretionary funding.

The Washington Post does a good job of criticizing this move, pointing out that it does not bode well for the future of deficit reduction. They commented on what it would mean, given the need for further cuts in discretionary spending, on top of the fair amount we did in the 103d Congress. And they noted that not all of those cuts are going to be applied to reducing the Federal deficit, but instead would be used to promote this tax cut that I am having a hard time finding anyone favoring other than those in Washington.

So, Mr. President, despite the growing criticism of the tax cut around the country and in this body, the skids are being greased for a have-your-cake-and-eat-it-too approach, when it comes to balancing the budget and fixing the tax cut problem.

Mr. President, I turn again to a cartoon that I think describes the problem we have here in Washington. This cartoon refers to a new illness called deficit attention disorder. We talk about the balanced budget amendment, run around the country saying that a balanced budget is the top priority, and we come out here every day and say bringing the deficit under control is our top priority. But this cartoon shows the contrast of those words with the possible actions here. It shows folks running in and out of offices saying, "\$50 billion tax cut, \$60 billion tax cut, \$75 billion tax cut, \$100 billion tax cut, \$120 billion tax cut."

The cartoon suggests a serious illness in this place. That is, the deficit attention disorder from which institution suffers. Mr. President, I think the

worst example of this deficit attention disorder is the very document that the Republican Party says they campaigned and won on—the Republican contract, which calls for increased defense spending, balancing the budget, and tax cuts that dwarf what this cartoon suggests. Notice all the little people in the cartoon talking about tax cuts from \$50 billion to \$120 billion.

What the Republican contract calls for over the next 10 years is a \$700 billion tax cut. What Congressman Archer proposed last week would cost \$200 billion over the next 5 years. This includes the \$500 tax credit for families making up to \$200,000 per year, including changes in IRA's and a variety of other provisions.

Mr. President, this is a very serious example of how, even today, despite all the criticism and all the concern in the other House, the other body especially is continuing to move forward as if not only we do not have a deficit problem, but that we have a giant surplus that can be used for all these cuts.

Mr. President, on March 10, the Washington Post commented on these proposals in an editorial entitled "The Tax Cuts and the Deficit," and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Mar. 10, 1995]

#### THE TAX CUTS AND THE DEFICIT

The tax cuts from the House Republican "Contract With America" have been reduced to legislative form. The process hasn't improved them a bit. They remain a bad idea, the revenue loss from which would be more than the sponsors have acknowledged, and more than a government running a deficit of a fifth of a trillion dollars a year can afford to give up.

The cuts would make it harder to reduce the deficit even if the Republicans do come up with a way to pay for them, which despite their pledges they haven't yet. The stated purpose of several of them is to increase savings and investment, but by leaving the deficit larger than otherwise they would reduce the national savings rate. They are also poorly targeted, and the long-term effect of their enactment would likely be to widen the income gap between the better-off and the rest of society.

The last time the Republicans cut taxes, in 1981, they failed to make the spending cuts to match, and the deficit soared. This time they've said the spending cuts will come first; they're still saying that. But the only specific spending cuts of any size that they've advanced thus far have been in welfare and other programs for the poor; that's not the way to finance tax cuts. It is said they may next propose some generalized entitlement and appropriations cuts, lump sums that they will commit themselves to saving over time without spelling out how. That's not the way to do it either, the more so because they've promised that in cutting they won't touch defense or Social Security and can't touch interest on the debt. They've left themselves less than half the budget in which to work. Nor is it just their tax cuts that they have to finance. They've said they'll balance the budget as well. But the more spending cuts they dedicate to the first purpose, the fewer they'll have left for the second. That's the problem.

The Republicans keep saying they want to get at the cost of entitlements. The last Congress, at the administration's behest, did put a dent in the net cost of the largest entitlement, Social Security, by subjecting a larger share of benefits to the income tax. The bill that the House Ways and Means Committee will begin marking up next week would repeal that modest step in the right direction. In the name of capital formation, it would also cut the capital gains tax, create a new stream of wholly tax exempt investment income by expanding the individual retirement account or IRA provisions in current law, and enact a roundabout cut of as much as a third in the corporate income tax by liberalizing depreciation rules. All three of these provisions would be late bloomers. Two are set up in such a way that they look as if they would even raise revenue in the first years. That masks the full effect that they would have in terms of revenue lost; it wouldn't be felt until after the five-year estimating period. Who will pay for that?

These are damaging proposals—and unfortunately, the administration has already weakly concurred in some of them. We suppose they're likely to pass the House. In the Senate, however, some Republicans as well as some Democrats are saying that spending and the deficit should be cut first. They're right.

Mr. FEINGOLD. Mr. President, that article commented on the Contract With America, and specifically the Archer proposal, by saying the following:

The tax cuts from the House Republican "Contract With America" have been reduced to legislative form. The process hasn't improved them a bit. They remain a bad idea, the revenue loss from which would be more than the sponsors have acknowledged, and more than a government running a deficit of a fifth of a trillion dollars a year can afford it give up.

The cuts would make it harder to reduce the deficit even if the Republicans do come up with a way to pay for them, which despite their pledges, they haven't yet. The stated purpose of several of them is to increase savings and investment, but by leaving the deficit larger than otherwise, they would reduce the national savings rate.

The editorial also goes into a bit of a history:

The last time the Republicans cut taxes, in 1981, they failed to make the spending cuts to match, and the deficit soared. This time they've said the spending cuts will come first; they're still saying that. But the only specific spending cuts of any size that they've advanced thus far have been in welfare and other programs for the poor; that's not the way to finance tax cuts. It is said they next proposed some generalized entitlement and appropriations cuts, lump sums they will commit themselves to saving over time without spelling out how. That's not how to do it either, the more so because they've promised that in cutting they won't touch defense or Social Security and can't touch interest on the debt. They've left themselves less than half the budget in which to work. Nor is it just their tax cuts that they have to finance. They've said they'll balance the budget as well. But the more spending cuts they dedicate to the first purpose, the fewer they'll have left for the second. That's the problem.

Again, it is the harsh reality that the numbers cannot possibly add up, it cannot possibly be true that we can do all of these things laid out in the Archer proposal and then come up with a balanced budget, even in the long term, let alone doing it in the short term.

So, Mr. President, not only do we have a deficit attention disorder with regard to the Archer plan and the Republican contract, but time and again, whether it be the President's plan, the plan of the minority leader in the House, the plan of the senior Senator from Texas, in each case we have a plan for tax cuts that is not paid for.

I realize that there will be many opportunities to speak on this issue on the floor. I will not take the time today to outline all the opposition from different places in the country, whether it be editorials or polls or statements of economists. All I can say is that, although the news is troubling to me, although the tax cut keeps coming back and coming back, I see reason for optimism in the U.S. Senate. It appears that it is going to be up to the U.S. Senate to stop this fiscal irresponsibility.

I was very heartened to see the article in the Washington Post of last week on March 9 entitled "Tax Cutters Lose Steam in Senate."

I ask unanimous consent that article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Mar. 9, 1995]

TAX CUTTERS LOSE STEAM IN SENATE; HOUSE PANEL TO UNVEIL GOP REVENUE PLAN  
(By Eric Pianin)

Republican and Democratic opposition in the Senate to major tax cut legislation stiffened yesterday, while Ways and Means Committee Chairman Bill Archer (R-Tex.) prepared to unveil the details of a House GOP tax plan that could cost as much as \$700 billion over 10 years.

Archer's plan, modeled after proposals within the House GOP "Contract With America," includes a \$500-per-child tax credit for families earning up to \$200,000 a year, a 50 percent reduction in the capital gains tax, massive write-offs and tax breaks for businesses and a new Individual Retirement Account (IRA) for middle- and upper-income families.

The Ways and Means Committee is scheduled to vote on the proposal early next week. House leaders have pledged to make offsetting cuts in the 1995 budget and to alter welfare programs and Medicare to pay for the package. But in the wake of the defeat of the constitutional balanced budget amendment, Senate Finance Committee Chairman Bob Packwood (Ore.) and other deficit-conscious Republican tax writers warned yesterday that the tax package would take a back seat to further efforts to reduce the deficit.

"Almost every witness we've had has indicated the deficit is the biggest problem we face," Packwood said, "and if we want to do more for the economy, then reducing the deficit is the most important thing to do."

Sen. John H. Chafee (R-R.I.), a Finance Committee member, declared: "Basically, I'm opposed to tax cuts \* \* \* as much as we love to parcel them out."

Sen. Alfonse M. D'Amato (R-N.Y.), another committee member, said the House GOP tax cut proposals "all sound good," but Congress would accomplish far more by reducing the deficit and indirectly helping to lower interest rates and spur economic activity.

"Cut spending and get the deficit under control that's number one," D'Amato said. "That's what people want. Otherwise, [the economy will falter and] we're going to end up Mexico II."

President Clinton and liberal House Democrats also have proposed middle-class tax relief, including tax credits for families and other breaks to help cover educational costs. But the tax-cut fever that swept Washington shortly after the Republican takeover of Congress last November has begun to dissipate, as GOP leaders confront the harsh realities of trying to simultaneously eliminate the deficit and make good on their promise of generous tax cuts.

For their part, Senate Democratic leaders feel obliged to emphasize deficit reduction over tax relief after helping to defeat the popular balanced budget amendment last week. Senate Minority Leader Thomas A. Daschle (D-S.D.) told reporters yesterday he would not rule out passage of some type of tax reform this year, but members had little enthusiasm for proposed tax cuts that "would compound our problems" in reducing the deficit.

"It's apparent to all of us we have a big job ahead of us in deficit reduction, and we want to make everyone understand that that's our first priority," Daschle said.

House Republican leaders have cited little empirical evidence that a major tax cut is needed at a time when the economy is strongly rebounding, inflation is under control and the deficit is declining for the third year in a row.

Earlier this week, three prominent economists—Roger E. Brinner, Stephen S. Roach and Barry Bosworth—told the House Budget Committee that Congress would do little for the economy while complicating its deficit-reduction efforts if it cuts taxes.

Brinner, the chief economist for DRI/McGraw-Hill, described the \$500-a-child tax credit, the most expensive measure in the Republican tax package, as "possibly mediocre politics but definitely bad economics."

House GOP leaders concede that the tax credit would do little, if anything, to stimulate the economy. But they insist the tax credit for children 18 and younger is important to providing relief to the middle class and "strengthening" the family unit.

Archer is scheduled to announce the details of the GOP tax plan this morning in an address to the conservative Family Research Council. According to committee sources, the package will approximate the Contract With America plan, which according to the Joint Committee on Taxation would cost \$200 billion over five years but then balloon to \$704.4 billion over a decade.

House GOP leaders, including Archer, have said the Contract With America plan was not "written in stone" and acknowledge that it may undergo substantial changes once it reaches the Senate. However, House leaders are more concerned about honoring the terms of the contract than developing a plan that is palatable to the Senate.

"We're committed to the contract," Archer told the Associated Press. "We ran on it, we all signed it, and we'll do what we said we were going to do."

Rep. Bill Thomas (R-Calif.), a senior member of the Ways and Means Committee, said that it doesn't make sense for the committee to put together a package that might pass muster in the Senate "but that can't get out of the House."

(Mr. ABRAHAM assumed the chair.)

Mr. FEINGOLD. Mr. President, as we move into the period where we actually take up issues such as the line-item veto and then the budget resolution and then the reconciliation package, there will be the opportunities to actually make this happen, to actually

force this institution through the work of the U.S. Senate to not waste the funds that could be used for deficit reduction.

I suggest that as we move into the budget resolution, either at the committee level or at the level of the entire Senate, if necessary, that an amendment be offered to the fiscal year 1996 budget resolution to change the revenue assumption to exclude or reject a major tax cut and instead to explicitly allocate the spending cuts that would offset such a tax cut to deficit reduction, to make sure that every dollar that was identified for spending cuts be immediately transferred into an account to reduce the Federal deficit.

I think that is the only way we avoid the kind of losses and deficit reduction that are the inevitable result of the President's plan and especially the result of the Republican contract and the Archer plan.

So I hope we can return to the wisdom that was indicated by the American people ever since the proposals were made, and I return to what is my favorite cartoon on the issue, which is the somewhat bizarre but rather effective portrayal of a giant deficit monster that is constantly calling out for more and more, in this case more fruit cake in the form of "Tax Cuts R Us." The American people are onto the foolishness of this. They are onto it in the form of cartoons that ridicule a Congress that stands up and talks about fiscal responsibility but cannot resist the temptation to get some quick political gain by handing out a tax cut that will both hurt the economy and severely damage, if not permanently ruin, the possibility of ever having a balanced budget, whether it be in the next few years or by the year 2002.

Mr. President, we will be coming back to this, but I notice in this institution, if you do not keep bringing something up like this, it has a way of getting resolved in the middle of the night and, all of a sudden, you have an up-or-down vote on the whole package. Somehow, whether it be \$10 billion or \$100 billion or \$700 billion, it could be lost instead of actually being used to almost eliminate the Federal deficit. I think that is the opportunity we have. Instead of feeding this monster, reject the tax cuts and take the next big step to eliminate the Federal deficit.

So, Mr. President, as I yield the floor, I urge my colleagues to cosponsor the sense-of-the-Senate resolution which Senator BUMPERS, of Arkansas, and I have offered to specifically go on record as a body saying the tax cuts have to take second place to this historic opportunity to eliminate the Federal deficit.

I thank the Chair, and I yield the floor.

Mr. THOMAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

#### TAIWAN

Mr. THOMAS. Mr. President, I rise today as chairman of the Senate Subcommittee on East Asia and Pacific Affairs to join in the sentiments of my colleagues on Taiwan, and particularly on the visit of President Lee.

I need not repeat in detail for the Senate Taiwan's many accomplishments, either economic or political. These have often been discussed on the Senate floor. It is sufficient to note that this country is our fifth largest trading partner and imports over 17 billion dollars' worth of U.S. products annually. More importantly, though, Taiwan is a model emerging democracy in a region of the world not particularly noted for its long democratic tradition.

The Taiwanese Government has ended martial law, removed restrictions on freedom of the press, legalized the opposition parties, and instituted electoral reforms which last December resulted in free elections.

Taiwan is one of our staunchest friends. I think every Member of this body recognizes that and accords Taiwan a special place among our allies. Unfortunately, Mr. President, the administration apparently does not share our views. Rather, the administration goes out of its way to shun the Republic of China on Taiwan, almost as though it were a pariah state like Libya or Iran.

Sadly, the administration's shoddy treatment of Taiwan is based not on that country's faults or misdeeds but on the dictates of another country, the People's Republic of China. It is because the People's Republic of China continues to claim that it is the sole legitimate Government of Taiwan and because of the administration's almost slavish desire to avoid upsetting that view that the State Department regularly kowtows to Beijing and maltreats the Government of Taiwan. If this were not such a serious matter, it would almost be amusing, the lengths to which the administration goes to avoid any perceived official entanglements.

Representatives of the Taiwan Government are prohibited from physically entering the State Department or the Pentagon buildings. Any United States Government employee who goes to work to represent United States interests in Taiwan and who also works for the State Department must first resign from the State Department before being allowed to go. One has to carefully choose what one calls the island's government to avoid slighting Beijing: Is it the Republic of China, is it the Republic of China on Taiwan, Taiwan, or the Republic of Taiwan?

Finally, the last humiliation to which we subject our ally brings us here this morning. This administration refuses to allow the President of Taiwan to enter this country, even for a private visit—a private visit, Mr. President. President Lee is a graduate of Cornell University where he earned his Ph.D. He has expressed an interest in attending a class reunion at his alma

mater this June and a United States-Taiwan Economic Council conference. Yet, the administration has made it clear it will not permit him entry.

The only people that this country systematically excludes from entry to its shores are felons or criminals, terrorists, and individuals with dangerous communicable diseases. How is it possible that this administration can see fit to add the President of Asia's oldest republic to the list? We have allowed representatives of the PLO and the Sinn Fein to enter this country, yet we exclude a visit by an upstanding private citizen?

I think we have made it clear to Beijing—I know I have tried to—of the great importance to us of our strong relationship with that country. This relationship should in my opinion transcend squabbles over diplomatic minutia. I will always seek to avoid any move that the Government of the People's Republic of China reasonably could find objectionable. I believe that countries like ours should try hard to accommodate each other's needs and concerns in order to further strengthen our relationships.

However, I believe that the People's Republic of China needs to recognize the reality of the situation. Both Taiwan and the People's Republic of China are strong, economically vibrant entities. Both share a common heritage and a common culture and yet have chosen political systems that are mutually exclusive. Despite these differences, the United States has a strong and important relationship with them both, and we need to continue those relationships.

Mr. President, I yield the remainder of my time.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I believe the Senator from Nebraska has 15 minutes allotted to him under the unanimous-consent agreement. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

(The remarks of Mr. EXON pertaining to the introduction of S. 550 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

#### UNFUNDED MANDATES CONFERENCE REPORT

Mr. EXON. Mr. President, I rise today in support of the conference report to the unfunded mandates bill. I am proud that we are so close to delivering this critical legislation to the nation's Governors, mayors, and town managers who have been laboring under the terrible weight of unfunded mandates.

When the President signs this bill, we will hear a collective sigh of relief from coast to coast. For too long, Congress shifted the cost of these regulations and mandates to the States. Their ledgers bled red from our actions. Their